



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
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<http://ceo.lacounty.gov>

"To Enrich Lives Through Effective And Caring Service"

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May 13, 2014

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

AUTHORIZATION TO EXTEND CONTRACT FOR THE RISK MANAGEMENT INFORMATION SYSTEM (ALL DISTRICTS – 3 VOTES)

**CIO RECOMMENDATION: APPROVE (X) APPROVE WITH MODIFICATION ()
DISAPPROVE ()**

SUBJECT

This recommendation by the Chief Executive Office (CEO) and County Counsel seeks the Board's approval of Amendment No. 6 to Contract No. 73275 with Risk Technologies, Inc. (RTI), for maintenance and repair services of the Risk Management Information System (RMIS), to extend the term of the Contract, effective June 9, 2014, for a period of one (1) year through June 8, 2015, with two (2) additional one-year options that may be exercised under the sole discretion of the County of Los Angeles (County).

IT IS RECOMMENDED THAT THE BOARD:

Approve and instruct the Chairman to sign the attached Amendment to extend Contract No. 73275 with RTI for an additional term of one (1) year beginning June 9, 2014, and continuing through June 8, 2015, at a yearly cost of \$778,958 for maintenance, plus cost for any work orders. Such Amendment will also provide for two (2) additional one-year options to be exercised under the sole discretion of the County, and will authorize a total of \$2,984,613 in maintenance and repair and work order costs, should all options be exercised and additional work orders be required.

Increase the total contract authority from a cost of \$15 million to \$17 million, which includes

increased maintenance and repair costs for any Contract extensions and any work order costs that may be needed.

Delegate authority to the Chief Executive Officer and County Counsel, as joint Program Directors, to extend Contract No. 73275 for two, one-year options, if needed, for the period of June 9, 2015 through June 8, 2016 and June 9, 2016 through June 8, 2017.

Delegate authority to the Chief Executive Officer and County Counsel, as joint Program Directors, to terminate for convenience Contract No. 73275 when it is appropriate to do so.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

In approving the recommended actions, the County will continue to receive uninterrupted RMIS services for the period. Without the extensions, this Contract will expire on June 8, 2014.

In late 2011, County Counsel began implementation of an e-billing system, CT Tymetrix T360, which interfaces with RMIS to provide streamlined processing and enhanced cost-control tools for attorney billings.

The CT Tymetrix T360 Contract included an option for “matter management” functionality, which appears to have the capacity to replace RMIS functionality. County Counsel and the CEO Risk Management Branch exercised the “matter management” option in the CT Tymetrix T360 Contract, which, when implemented, should provide lower-cost services and would be a replacement for the current RMIS system.

As of February 2014, the “matter management” option with CT Tymetrix T360, which is expected to be near completion, still requires some development and will need to undergo testing before final system acceptance. Given that the County will be entering the end of the period for Fiscal Year 2013-14 shortly, when launching a new system may be problematic, an extension to the RMIS contract is needed to bridge that period. The extension, and the exercise of any additional optional years, if needed, will also afford sufficient time to train users, migrate data, and test all functions with a confidence level to terminate the RTI contract at a future date.

Extending the current Contract with RTI will thus allow the CEO and County Counsel to fully test and implement the CT Tymetrix T360 “matter management” system. Once the CT Tymetrix T360 matter management system is fully functional and accepted by CEO and County Counsel, Contract No. 73275 will be terminated.

It is expected that the CT Tymetrix T360 matter management system will interface with a future system contemplated by the CEO Risk Management Branch. Over the last six months, the CEO Risk Management Branch analyzed claims management and risk information needs across all of its functional areas (workers’ compensation, general liability, auto liability, small claims, and disability management). The analysis included a Request for Information (RFI) released on July 15, 2013, which resulted in a number of viable responses indicating the ability to enhance the County’s claims management functions across all functional areas. Accordingly, CEO Risk Management Branch plans to issue a single Request for Proposals (RFP) to include comprehensive claims management functions across all functional areas. As the matter management function in CT Tymetrix T360 represents one of many functions of a comprehensive claims management system, in the event it is working satisfactorily at the time the comprehensive claims management system contemplated by CEO is implemented, the matter management function can be interfaced with the new system.

As of February 28, 2014, of the \$15 million currently authorized for this Contract, \$13,723,535 has been expended. By June 8, 2014, when the Contract is currently set to expire, we anticipate a total expenditure of \$14,015,387.

As such, the increase in the total Contract authority from \$15 million to \$17 million is needed to allow for RMIS services to continue during the renewal term(s). The anticipated cost for the additional extensions for maintenance and repair services is \$778,958 per year, and if all options are exercised through June 8, 2017, will cost \$2,336,874. The \$778,958 yearly maintenance cost reflects a negotiated five (5) percent reduction from existing maintenance rates, with no reduction in RTI's current Contract requirements to provide the same levels of service. Further, additional funds in the amount of \$647,739 are needed to cover work orders that may arise.

Implementation of Strategic Plan Goals

The services provided under this Contract support the County's Strategic Plan Goal One, Operational Effectiveness, by providing a centralized claim and litigation database that the CEO, County Counsel, County departments, and County third-party administrators utilize to improve the effectiveness of Countywide risk management and litigation activities.

FISCAL IMPACT/FINANCING

Funding for system upgrade projects and maintenance and support were included in the Insurance Budget for Fiscal Year (FY) 2013-14 and included in the Proposed Budget for FY 2014-15.

In Contract Year 2012-13, the CEO expended \$860,165 for maintenance and \$176,594 for work orders.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On March 6, 2001, the Board approved the Contract with RTI to procure and maintain RMIS and authorized the CEO to execute up to six (6) annual Contract renewal options. On March 1, 2005, the Board approved Amendment No. 2 to the Contract and instructed the CEO and County Counsel, as joint Program Directors, to seek the Board's approval before executing each annual renewal option for enhanced maintenance services, and to provide justification for the renewal, based upon outcome measurement methodology. On September 8, 2009, the Board authorized the CEO to execute Amendment No. 3, which added two (2) additional annual renewal options to the Contract as part of the contract extension/cost reduction initiative. On November 13, 2012, the Board approved Amendment No. 4, which extended the Contract for another year and six months. The current term expires on June 8, 2014 and, upon the Board's approval of the Contract extension, the Contract will be extended from June 9, 2014 to June 8, 2015, with two one (1) year options to extend through June 8, 2017.

In October 2009, the CEO and County Counsel worked together to successfully implement the departmental reporting functions of the Cognos-based Online Risk Business Intelligence Tool (ORBIT) to distribute claims-related reports to all County departments on a monthly basis. The CEO and County Counsel continue to work closely to report to the Board information concerning claims and litigation.

As noted earlier, the CEO and County Counsel agreed to implement the CT Tymetrix T360's "matter management" functions as a replacement for the current RMIS. The "matter management" option

consists of various work orders, which were anticipated to be completed by the second quarter of FY 2013-14, but at the time of this letter have not yet been fully completed.

Extension of the RMIS Contract assures that during the execution of this solution, uninterrupted services are provided through the current RMIS. The CEO and County Counsel anticipate that a period of one (1) year with an option of two (2) one-year extensions will be adequate for the County to test, implement, and accept the selected solution.

From March 6, 2001 through February 28, 2014, the CEO has spent a total of \$13,723,535 on RMIS, including system startup, system implementation, maintenance, support, upgrades, and modifications. Total anticipated Contract expenditures through June 8, 2014, including work orders in progress, is \$14,015,387. The cost for this extension period will be \$2,984,613 for maintenance and support plus the costs of any outstanding and needed modifications/upgrades.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no impact on current services. Extension of this Contract will ensure uninterrupted continuation of critical services to the CEO, County Counsel, County departments, and County third-party administrators, through June 8, 2017, if all renewal options are exercised. The Chief Information Officer (CIO) reviewed the Amendment and recommends approval of the actions. The CIO Analysis is attached as Attachment I.

CONCLUSION

Upon approval by the Board, please return two signed originals of the Amendment and one adopted copy of this letter to the CEO Risk Management Branch, attention Steven T. Robles, County Risk Manager.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer



RICHARD SANCHEZ
Chief Information Officer



JOHN F. KRATTLI
County Counsel

WTF:JFK:BC
STR:RLC:tv

Enclosures

c: Executive Office, Board of Supervisors
Auditor-Controller



RICHARD SANCHEZ
CHIEF INFORMATION OFFICER

Office of the CIO CIO Analysis

NUMBER:

CA 14-07

DATE:

04/02/2014

SUBJECT:

AUTHORIZATION TO EXTEND CONTRACT FOR THE RISK MANAGEMENT INFORMATION SYSTEM

RECOMMENDATION:

☒ Approve☐ Approve with modification☐ Disapprove

CONTRACT TYPE:

☐ New contract☐ Sole Source☒ Amendment to Contract #: 73275☐ Other:

CONTRACT COMPONENTS:

☐ Software☐ Hardware☐ Telecommunications☒ Professional Services

SUMMARY:

Department executive sponsor: William T Fujioka, Chief Executive Officer
John F. Krattli, County Counsel

Description: The Chief Executive Office (CEO) and County Counsel are requesting approval of Amendment No. 6 to extend the RMIS Contract No. 73275 for up to an additional 36 months to allow for the completion of development and implementation of a replacement for RMIS through CT TyMetrics T360.

Contract Amendment amount: \$2,984,613 Funding source: CEO Risk Insurance Budget
Fiscal Year (FY) 2013-14

☐ Legislative or regulatory mandate☐ Subvened/Grant funded

Strategic and business analysis

PROJECT GOALS AND OBJECTIVES:

The extension of the RMIS Contract will enable the CEO and County Counsel to maintain system functionality until the CT TyMetrics T360 claims and matter management system being developed by County Counsel can be completed. CT TyMetrics T360 represents one of many functions of a new comprehensive claims management system, and may be interfaced in the future with the new comprehensive claims management system contemplated by the CEO.

BUSINESS DRIVERS:

RMIS is currently used by over 200 users within County Counsel, CEO Risk Management Branch, and the County's third-party claim administrators for general and professional liability, and is critical for the effective management of litigation and liability claims.

	<p>PROJECT ORGANIZATION:</p> <p>The RMIS Contract is jointly managed by the CEO and County Counsel.</p>
	<p>PERFORMANCE METRICS:</p> <p>RMIS has no significant performance issues, and in the period preceding the Contract extension, existing work orders will be closed out. For the Contract extension period beginning June 9, 2014, the only work orders anticipated are those necessary for data migration and transition to the new system(s). RMIS performance is anticipated to remain stable throughout the Contract extension period.</p>
	<p>STRATEGIC AND BUSINESS ALIGNMENT:</p> <p>This Project is consistent with the County Strategic Plan Goals and Strategic Technology Directions for fiscal stewardship and maximizing effectiveness of the County's operations. It supports the continued delivery of efficient claims and litigation management during the transition period to a more robust and cost-effective solution.</p>
	<p>PROJECT APPROACH:</p> <p>County Counsel completed its Contract two years ago with CT TyMetrics for e-billing of attorney expenses by including an option to replicate the claims and matter management functionality of the RMIS. The RMIS Contract extension will enable County Counsel to complete claims and matter management functionality with CT TyMetrics T360 and replace RMIS when the CT TyMetrics T360 is operational.</p>
	<p>ALTERNATIVES ANALYZED:</p> <p>In July 2013, the CEO Risk Management, desiring a long-term claims solution, issued a Request For Information (RFI) to assess the marketplace's capabilities and interest in providing a long-term comprehensive claims management solution. The response to the RFI indicated that various vendors were willing and capable of responding to such a Request For Proposals (RFP). The RFP will be completed during Calendar Year (CY) 2015 with implementation targeted for early 2016. The RMIS Contract extension and CT TyMetrics T360 becoming operational will provide risk management services until the new claim systems are in place.</p>
Technical analysis	<p>ANALYSIS OF PROPOSED IT SOLUTION:</p> <p>RMIS performance is anticipated to remain stable throughout the RMIS Contract extension period.</p>
Financial analysis	<p>BUDGET:</p> <p>Contract costs</p> <p>One-time costs:</p>

	Services	\$ 778,958
	Sub-total one-time costs:	\$ 778,958
	Ongoing costs (FY15/16 thru16/17):	
	Services	\$1,557,916
	Sub-total ongoing costs:	\$1,557,916
	Pool Dollars:	\$ 647,739
	Total contract costs:	\$2,984,613
	Other County costs (Approximate Projections):	
	One-time costs:	
	Hardware	\$ 132,000
	Software	\$ 40,000
	Services (ISD)	\$ 300,000
	County staff (existing)	\$ 150,000
	Sub-total one-time County costs:	\$ 622,000
	Ongoing costs (FY14/15 thru FY16/17):	
	Hardware.....	\$ 264,000
	Software	\$ 80,000
	Services (ISD)	\$ 600,000
	County staff (existing)	\$ 300,000
	Sub-total ongoing County costs:	\$1,244,000
	Total Other County Costs:	\$1,866,000
	<p>The \$778,958 yearly maintenance cost reflects a negotiated five percent reduction from existing maintenance rates with no reduction in RTI's current contract service levels. The cost for the additional extensions for maintenance and repair services is \$778,958 per year, and if all options are exercised through June 11, 2017, will cost \$2,336,874. Additional funds in the amount of \$647,739 are needed to cover work orders that may arise during this time period.</p>	
	<p>As of February 28, 2014, \$13,723,535 of the \$15 million currently authorized for the RMIS Contract has been expended. By June 8, 2014, when the Contract is currently set to expire, the CEO anticipates a total expenditure of \$14,015,387. CEO is requesting an increase in the total Contract authority from \$15 million to \$17 million to allow for RMIS services to continue during the renewal term(s).</p>	
Risk analysis	<p>RISK MITIGATION:</p> <p>RMIS performance has no significant performance issues and is anticipated to remain stable through the Contract extension period.</p>	

	The Chief Information Security Officer (CISO) has reviewed the Amendment and did not identify any IT security or privacy related issues.	
CIO Approval	PREPARED BY: <u>James R. Hall</u>	<u>4-18-2014</u>
	James Hall, Sr. Associate CIO	Date
	APPROVED: <u>Richard Sanchez</u>	<u>4-18-14</u>
	Richard Sanchez, County Chief Information Officer	Date

Please contact the Office of the CIO (213.253.5600 or info@cio.lacounty.gov) for questions concerning this CIO Analysis. This document is also available online at <http://ciointranet.lacounty.gov/>

**RISK MANAGEMENT AND CLAIMS INFORMATION SYSTEM (RMIS) CONTRACT
AGREEMENT NO. 73275**

AMENDMENT NO. 6

This Amendment No. 6 ("Amendment No. 6") is entered into by and between the County of Los Angeles ("COUNTY") and Risk Technologies, Inc. ("CONTRACTOR") and amends that certain County Agreement number 73275, dated March 6, 2001 for a Risk Management and Claims Information System, as amended by that Amendment No. 1 dated as of July 16, 2002; Amendment No. 2 dated as of December 14, 2004; Amendment No. 3 dated January 14, 2010; Amendment No. 4 dated November 13, 2012; and Amendment No. 5 dated September 30, 2013.

WHEREAS, COUNTY and CONTRACTOR mutually agree it is in their interests to extend the term of this Agreement by an additional Renewal Term(s) of one year with two (2) additional one year options; and

WHEREAS, the COUNTY and CONTRACTOR mutually agree that it is beneficial to reduce the annual fee for maintenance and repair services.

NOW, THEREFORE, in consideration of the mutual benefits derived therefrom, it is agreed between COUNTY and CONTRACTOR that Agreement No. 73275 shall be amended as follows:

1. This Amendment No. 6 shall come into full force and effect on June 9, 2014 ("Amendment No. 6 Effective Date").
2. Section 4.4, Maintenance and Repair Services, Subsection 4.4.1, Term, is hereby deleted in its entirety and replaced with the following:

"4.4.1 Term

COUNTY and CONTRACTOR acknowledge that as of the Amendment No. 6 Effective Date, COUNTY has extended the term of this Agreement to add the Renewal Term of June 9, 2014 to and including June 9, 2015, to allow for continuing maintenance and repair services; and that the COUNTY may, through its Program Directors, exercise two (2) additional optional Renewal Terms of twelve (12) months from June 10, 2015 through June 10, 2016, and from June 11, 2016 through June 11, 2017 by providing written notice to CONTRACTOR within sixty (60) days prior to the expiration of the then-current term."

3. Section 4.4, Maintenance and Repair Services, Subsection 4.4.4.2 is hereby deleted in its entirety and replaced with the following:

"4.4.4.2 COUNTY and CONTRACTOR acknowledge that, during any of the Renewal Terms, COUNTY shall pay CONTRACTOR a not to

exceed annual amount of Seven Hundred Seventy Eight Thousand, Nine Hundred Fifty Eight Dollars (\$778,958.00).

Upon the Amendment No. 6 Effective Date, COUNTY will pay CONTRACTOR, in arrears, monthly installments of Sixty Four Thousand, Nine Hundred Thirteen Dollars and Sixteen Cents (\$64,913.16) for the remainder of any such Renewal Term.

Following each month for which maintenance and repair services are rendered, CONTRACTOR shall submit an invoice to COUNTY, in accordance with Section 8.2 (Payments for Other Services), which qualitatively identifies those maintenance and repair services provided during the month for which the invoice is submitted. Upon receipt of each monthly invoice, COUNTY will institute a ten percent (10%) payment withhold, pending confirmation by COUNTY that those services described in each invoice were satisfactorily provided.

During any month of any Renewal Term, in lieu of the monthly installments for maintenance and repair services set forth above, COUNTY may elect to receive maintenance and repair services on a time-and-materials basis, at the hourly rates set forth in Exhibit E, Maintenance Fee Schedule, up to the installment amount described above for that month."

4. Section 5.0, TERM, Subsection 5.1, paragraph one (1), is hereby deleted in its entirety and replaced with the following:

"5.0 TERM

- 5.1 The term of this Agreement shall commence upon the Effective Date and shall extend to and including June 9, 2015, unless sooner terminated or later extended, in whole or in part; as provided in this Agreement."

6. Section 7.0, CONTRACT SUM, Subsection 7.2 is hereby deleted in its entirety and replaced with the following:

- "7.2 Notwithstanding any provision to the contrary, expressly or by implication, the Contract Sum for this Agreement authorized by COUNTY hereunder, including, without limitation, all applicable taxes, shall not exceed Seventeen Million Dollars (\$17,000,000.00) and will be comprised of the amounts set forth below. The parties acknowledge that, as of the Amendment No. 6 Effective Date, approximately Fourteen Million, Fifteen Thousand Three Hundred Eighty Seven Dollars (\$14,015,387.00) has been earned and paid under this Agreement, and the remainder of Two Million, Nine Hundred Eighty Four Thousand, Six Hundred Thirteen Dollars

(\$2,984,613.00) is hereby authorized as set forth below.


- (A) Two Million, Three Hundred Thirty Six Thousand, Eight Hundred Seventy Four Dollars (\$2,336,874.00) , payable as set forth in Section 4.4, Maintenance and Repair Services, Subsection 4.4.4.2.
- (B) Six Hundred Forty Seven Thousand, Seven Hundred Thirty Nine Dollars (\$647,739.00) for Work Orders for data conversion work, modifications, integration, system migration and enhancements requests, if any, for the System at a blended rate of \$175/hour."

- 7. Exhibit E, MAINTENANCE FEE SCHEDULE, is hereby deleted in its entirety and replaced with the attached Exhibit E.2, Maintenance Fee Schedule.
- 8. CONTRACTOR hereby represents and warrants that the person executing this Amendment No. 6 for CONTRACTOR is an authorized agent who has actual authority to bind CONTRACTOR to each and every term, condition, and obligation of this Amendment No. 6 and that all requirements of CONTRACTOR have been fulfilled to provide such actual authority.
- 9. Except for the changes set forth herein above, this Agreement shall not be changed in any other respect by this Amendment No. 6.

IN WITNESS WHEREOF, the Contractor has executed this Amendment No. 6, or caused it to be duly executed and the County of Los Angeles, by order of its Board of Supervisors has caused this Amendment No. 6 to be executed on its behalf by the Chairman of said Board and attested by the Executive Officer-Clerk of the Board of Supervisors thereof.

CONTRACTOR:

RISK TECHNOLOGIES, INC.

By: 
Signature

Name: CHUCK ALLEN

Title: PRESIDENT

Date: 4-16-2014

COUNTY OF LOS ANGELES

By: _____
Chairman, Board of Supervisors

ATTEST:
SACHI A. HAMAI
Executive Officer-Clerk
Board of Supervisors

By: _____
Deputy

APPROVED AS TO FORM:
JOHN F. KRATTLI
County Counsel

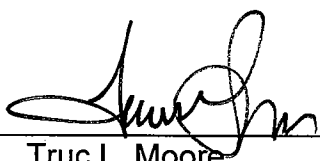
By: 
Truc L. Moore
Senior Deputy County Counsel

EXHIBIT E.2

MAINTENANCE FEE SCHEDULE

Maintenance and Repair Services:

For the Renewal Term of June 9, 2014 through and including June 9, 2015:

\$778,958.00 for twelve (12) months, to be paid in monthly increments of \$64,913.16 each in arrears.

Time and Materials:

TITLE	HOURLY RATE
Senior Project Executive	\$185
Project Director	\$162
Project Manager	\$162
Lead Developer	\$139
Database Administrator	\$139
Developer	\$139
Business Analyst	\$70

Other Work

Data conversion work, modifications, integration, system migration and enhancements requests, if any, for the System, will be performed at a blended rate of \$175/hour.